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Government of Saskatchewan

Annual Report 1981-82

The Saskatchewan Agricultural Returns Stabilization Fund

SASK LEGISLATIVE LIBRARY
MAR 10 1983
REGINA

To His Honour
The Honourable C. Irwin McIntosh
Lieutenant Governor of the Province of
Saskatchewan

Sir:

I have the honour to submit the Annual Report of the Saskatchewan Agricultural Returns Stabilization Fund for the twelve months ending March 31, 1982.

I have the honour to be, Sir,
Your obedient servant,

Eric Berntson
Minister of Agriculture

Honourable Eric Berntson
Minister of Agriculture

Dear Sir:

It is my pleasure to present the Annual Report of the Saskatchewan Agricultural Returns Stabilization Fund for the twelve months ending March 31, 1982.

Respectively submitted,

SASK. LEGISLATIVE LIBRARY
REGINA

Jack Drew
Deputy Minister of Agriculture

ANNUAL REPORT
OF THE
SASKATCHEWAN AGRICULTURAL
RETURNS STABILIZATION FUND
1981 - 1982

Annual Report of the
Saskatchewan Agricultural Returns
Stabilization Fund
1981-1982

The Saskatchewan Agricultural Returns Stabilization Fund was established by the Saskatchewan Agricultural Returns Stabilization Act, 1973. The fund provides for establishment of stabilization accounts for stabilizing the returns to agricultural commodities produced in Saskatchewan. During 1981 - 82, two accounts were established in the Fund, namely a Beef Stabilization Account for the Saskatchewan Beef Stabilization Plan and the Saskatchewan Hog Assured Returns Program Account for The Saskatchewan Hog Assured Returns Program.

The Saskatchewan Beef Stabilization Plan was introduced in 1981-82 and became operational January 1, 1982.

The plan supports cow calf to finish producers using a cost of production support level based on 100 percent of cash costs and 55 percent of non-cash costs.

The plan operates on a levy of 4 percent of gross receipts from producers based on hot carcass value. The Saskatchewan Department of Agriculture, on behalf of the Government of Saskatchewan, contributes an equal amount and pays the administration of the stabilization portion of the plan. Finished animals are marketed by the Beef Stabilization Board. The administration of the marketing aspect is paid for by producers.

Producer participation is based on the cow herd and coverage is set at 90 percent of the number of cows in the basic herd to a maximum of 200 finished animals. In addition, producers were allowed to purchase up to 50 feeders and have them included in the plan.

No support payments were made under the beef plan during the fiscal year as the plan had just begun.

The Saskatchewan Beef Stabilization Board administers the Beef Stabilization plan on behalf of the Department of Agriculture.

The Saskatchewan Hog Assured Returns Program (SHARP) a stabilization plan for hog producers continued in operation in 1981-82. SHARP is a voluntary, producer contributory program which provides participating hog producers with protection against income instability caused by fluctuating prices and changing costs-of-production.

SHARP participants receive a guaranteed quarterly support price based on the cost-of-production. During 1981-82 the support price was based on 100 percent of cash costs plus 85 percent of non-cash costs.

Hog prices reached a low of $63.96 per cwt during 1981-82 and recovered only to $68.17 by the end of the fiscal year with a high of $76.78 in the third quarter of 1981. As a result payments were made in every quarter of 1981-82. Payments of $15.96, $4.57, $12.58 and $10.32 per cwt were made. Total payments of $5.329 million were made to participating producers. An adjustment payment to batch producers for the 1981 calendar year of $.239 million was also made.

The SHARP account is financed by levies on a 50-50 cost shared basis between participating producers and the Department of Agriculture on behalf of the Government of Saskatchewan. The levy for the 1981-82 fiscal year was set at 3 percent for producers and 3 percent for Government.

At the end of the fiscal year the fund was in a deficit position. Deficits are financed by advances from the Government of Saskatchewan and are charged an interest rate equal to the province's borrowing rate set semi-annually. At the end of 1981-82 advances totalling $7.33 million had been made to the fund.

The Saskatchewan Hog Marketing Commission continues to administer SHARP on behalf of the Department of Agriculture. Administrative costs of $60,000 were paid by the Department.

SHARP STATISTICS

	Average Market Price	Support Level	Average Payout	Participants (numbers)
			(Dollars per cwt)	
1981-02	63.96	79.45	15.96	1,747
-03	76.78	81.35	4.57	1,878
-04	67.41	79.99	12.58	1,926
1982-02	68.17	78.49	10.32	2,051

SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

FINANCIAL STATEMENTS

Year Ended March 31, 1982

OFFICE OF THE PROVINCIAL AUDITOR

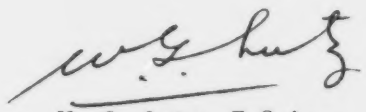
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of The Saskatchewan Agricultural Returns Stabilization Fund as at March 31, 1982 and the statement of revenue and expenditure and fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at March 31, 1982 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
July 30, 1982.

W. G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

BALANCE SHEET

March 31, 1982

	Saskatchewan Hog Assured Returns Program	Saskatchewan Beef Stabiliz-ation Plan	1982	1981 (Note 3)
		ASSETS		
Cash	$ 179,747	$ 20,826	$ 200,573	$ 116,228
Short term deposits	--	859,821	859,821	--
Contributions receivable				
- Government of Sask-atchewan	387,389	1,235,941	1,623,330	238,574
- Saskatchewan Hog Marketing Commission	183,844	--	183,844	42,964
- producers	3,064	71,473	74,537	11,784
- Saskatchewan Beef Stabilization Board	--	283,821	283,821	--
Accrued interest receivable	--	11,776	11,776	--
	$ 754,044	$ 2,483,658	$ 3,237,702	$ 409,550
		LIABILITIES AND FUND BALANCE		
Accounts payable	$1,968,963	$12,432,312	$14,401,275	$1,690,922
Loan - Department of Agriculture	6,115,000	--	6,115,000	2,472,206
Fund deficiency - Statement 2	(7,329,919)	(9,948,654)	(17,278,573)	(3,753,578)
	$ 754,044	$ 2,483,658	$ 3,237,702	$ 409,550

(See accompanying notes to the financial statements)

Statement 2

THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

STATEMENT OF REVENUE AND EXPENDITURE AND FUND BALANCE

For the Year Ended March 31, 1982

	Saskatchewan Hog Assured Returns Program	Saskatchewan Beef Stabilization Plan	1982	1981 (Note 3)
Revenue				
Producer contributions	$ 1,352,201	$ 1,235,941	$ 2,588,142	$ 218,850
Government of Saskatchewan	1,352,201	1,235,941	2,588,142	218,850
Administrative cost recovery - Government of Saskatchewan	60,000	--	60,000	58,207
Interest	15,494	11,776	27,270	21,647
	2,779,896	2,483,658	5,263,554	517,554
Expenditure				
Stabilization to producers	5,587,078	12,432,312	18,019,390	4,508,628
Administrative costs	60,000	--	60,000	56,943
Loan interest	709,159	--	709,159	69,206
	6,356,237	12,432,312	18,788,549	4,634,777
Excess of expenditure over revenue	(3,576,341)	(9,948,654)	(13,524,995)	(4,117,223)
Fund balance (deficiency), beginning of year	(3,753,578)	--	(3,753,578)	363,645
Fund deficiency, end of year	$(7,329,919)	$(9,948,654)	$(17,278,573)	$(3,753,578)

(See accompanying notes to the financial statements)

THE SASKATCHEWAN AGRICULTURAL RETURNS STABILIZATION FUND

NOTES TO FINANCIAL STATEMENTS

March 31, 1982

1. Authority and Accounting Policies

a) Establishment of Program

Saskatchewan Hog Assured Returns Program (SHARP)

This Program was established under regulations authorized by Order-in-Council 914/76 effective July 1, 1976 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975. These regulations were subsequently amended, then revoked and replaced by regulations authorized by Order-in-Council 1879/80 effective January 1, 1981.

Section 3(2) of the regulations stipulates that the program is to be reviewed on January 1, 1985. Provision has been made in the regulations for an earlier review of the program.

Saskatchewan Beef Stabilization Plan

This Plan was established under regulations authorized by Order-in-Council 1925/81 effective January 1, 1982 pursuant to the Saskatchewan Agricultural Returns Stabilization Act, 1975.

Section 3(2) of the regulations stipulates that the plan is to be reviewed on January 1, 1987. Provision has been made in the regulations for an earlier review of the plan.

b) Government Contributions

In accordance with Section 8(2) of the Saskatchewan Hog Assured Returns Regulations and in accordance with Section 7(2) of the Beef Stabilization Regulations, the Department of Agriculture, from money appropriated under the Act, remits an amount equal to the amount of levies charged to participants after the end of each quarter.

c) Distribution on Termination

Provision is made in Section 4 of the regulations for a distribution of the fund balance if the program is ended. Any surplus, as determined by regulation, which remains if the program ends will be shared equally between the participants and the Consolidated Fund of the Province. Any deficit, as determined by regulation, would be repaid by the Department of Agriculture, from money appropriated under the Act.

d) Loans from the Department of Agriculture

The Saskatchewan Hog Assured Returns Program

In accordance with Section 11 of the regulations, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 124/82 authorized for loans payments not exceeding $7.5 million to be made to the Fund, to bear interest at a rate calculated April 1 and October 1 each year based on the estimated interest rate on loans to the Province.

The Saskatchewan Beef Stabilization Plan

In accordance with Section 9 of the Act, loans can be made to the Fund when the balance is insufficient to make payments to participants. Order-in-Council 671/82 authorized for loan payments not exceeding $30 million to be made to the Beef Stabilization Account, to bear interest at a rate calculated April 1 and October 1 each year based on the average cost of money to the Province for each six month period.

e) Administrative Expenses

The Saskatchewan Hog Assured Returns Program (SHARP) is administered by the Saskatchewan Hog Marketing Commission. The amount reimbursed to SHARP for costs of administration by the Department of Agriculture which were charged by the Commission is included as revenue in the statement of revenue and expenditure.

The Saskatchewan Beef Stabilization Plan is administered by the Saskatchewan Beef Stabilization Board. The amounts reimbursed directly to the Board by the Department of Agriculture for costs charged as administration are not included in these financial statements. These amounts are included as revenue in the statement of revenue and expenditure of the Board and amounted to $39,937 for the current fiscal year. As well, the Board received a grant from the Department of Agriculture for $150,000 of which $45,296 has been spent.

2. Producer Stabilization Payments

Subsequent to March 31, 1982 the Beef Stabilization Plan received $10,031,000 in loans from the consolidated fund to meet the first quarter's stabilization payments.

3. Comparative Figures

The 1981 comparative figures relate solely to the Saskatchewan Hog Assured Returns Program as the Beef Stabilization Plan had only been in operation for three months at March 31, 1982.